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# Work Opportunity & Welfare-To-Work Tax Credit Programs

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**Mail forms and documentation to:**

Bureau of Workers' & Unemployment Compensation  
WOTC Unit  
Cadillac Place  
3024 W. Grand Blvd., Suite 11-450  
Detroit, MI 48202-3142

**WOTC Unit Telephone Numbers:**

(313) 456-2105 or (800) 482-2959

**Fax**

(313) 456-2132

**Web Site**

[www.michigan.gov](http://www.michigan.gov)

**State of Michigan  
Department of Consumer & Industry Services  
BUREAU OF WORKERS' & UNEMPLOYMENT COMPENSATION**

Revised June, 2002

This package was prepared by:

Department of Consumer & Industry Services  
Bureau of Workers' & Unemployment Compensation  
Work Opportunity Tax Credit Unit  
Cadillac Place  
3024 W. Grand Blvd., Suite 11-450  
Detroit, Michigan 48202-3142

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Michigan Department of Consumer & Industry Services  
**Bureau of Workers' & Unemployment Compensation**

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Ronald Basso, Acting Director

"Serving Michigan . . . Serving You"

State of Michigan  
John Engler, Governor



# The Work Opportunity and Welfare-To-Work Tax Credit Programs

The **Work Opportunity Tax Credit (WOTC)** allows a maximum tax credit of \$2,400 on wages paid a qualified employee within the first year of employment. The **Welfare-to-Work Tax Credit (W2W)** allows a maximum tax credit of \$8,500 on wages paid a qualified employee during the first two years of employment.

These tax credits are applied against an employer's federal income tax liability. For tax years beginning after December 31, 1997, the tax credit on any unused portion of the credit can be carried back one year or forward 20 years from the year in which the employer claims the credit.

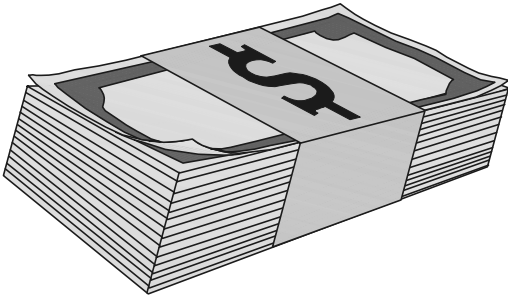
The WOTC and W2W credits are available to private-for-profit employers who hire from specific targeted groups of people that have in the past experienced difficulty in securing employment. The employee must have no prior work history with the employer. The employee cannot be a relative of the employer and must be a U.S. citizen or permanent resident.

## WOTC Specific Target Groups are:

- ∅ Short-term Welfare Recipients
  - ∅ Veterans on Food Stamps
  - ∅ Youth on Food Stamps
  - ∅ Vocational Rehabilitation Participants
  - ∅ SSI Recipients (Supplemental Security Income)
  - ∅ Ex-Felons
  - ∅ 18-24 year olds living in a Renewal Community, Empowerment Zone or Enterprise Community (RC/EZ/EC)
  - ∅ Summer hired Youth living in a RC, EZ or EC.
- ⇒ In Michigan, there is a RC in Detroit and Flint, EZ in Detroit, and EC communities in Flint, Muskegon, Lake County and Clare County. Use the Internet HUD Locator Services to determine if address is in RC/EZ/EC; visit the website: <http://hud.esri.com/egis>.

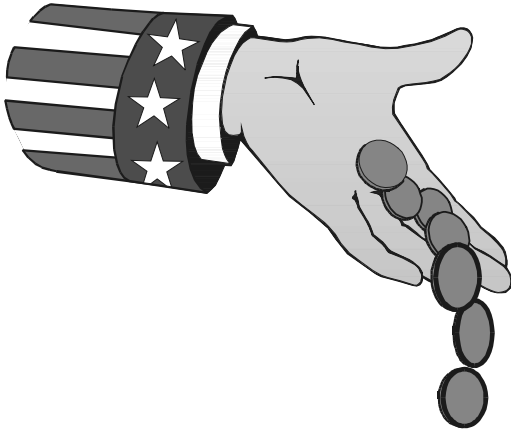
## W2W Specific Target Group is:

- ∅ Long-term welfare recipients
- ⇒ For detailed target group information, refer to the instructions that accompany Form IRS 8850.



## WOTC TAX CREDIT

The credit is for the first \$6,000 in wages paid (\$3,000 for Summer Youth) to the *qualified* employee within the first year of employment. Calculate a 25% tax credit if the *qualified* employee works at least 120 hours. Calculate a 40% tax credit if the *qualified* employee works at least 400 hours.



## W2W TAX CREDIT

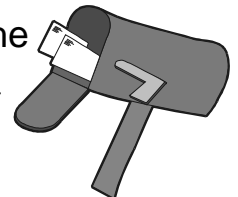
Employee must have worked at least 180 days or 400 hours during the first 2 years of employment before claiming the credit. Calculate a 35% tax credit for the first \$10,000 in “qualified wages” paid in the first year of employment. Calculate a 50% tax credit for the first \$10,000 in “qualified wages” paid in the second year of employment. Qualified wages for W2W include tax-exempt amounts received under: accident and health plans, educational assistance programs, and dependent care assistance programs.

## APPLICATION PROCEDURE

When applying for either tax credit, the employer must submit to the Bureau of Workers' & Unemployment Compensation (BW&UC) two forms for each new hire who may qualify as a target group member. Forms are available on the Internet at [www.michigan.gov](http://www.michigan.gov) or by calling the WOTC Unit toll free at (800) 482-2959.

1. **IRS Form 8850, *Pre-Screening Notice and Certification Request for Work Opportunity and Welfare-to-Work Tax Credits***. This form is nondiscriminatory and is used by the employer at the time of hire to “pre-screen” for potential target group membership.

⇒ The **signed original** IRS Form 8850 must be postmarked by the U.S. Postal Service **no later than 21 days from the employee's start date**. Employers anticipating difficulty in obtaining a timely postmark, may hand deliver IRS Form 8850 to the nearest BW&UC office for date stamping and forwarding to the WOTC Unit.



⇒ If the 21st day falls on a Saturday, Sunday or federal holiday, the form will be accepted on the next business day. Applications submitted late will be denied.

2. **ETA Form 9061, *Individual Characteristics Form for Work Opportunity Tax Credit and Welfare-to-Work Tax Credit*.** This form is to be completed after the employer has decided to hire the job seeker.

- ⇒ The form must be fully completed and signed by the party completing the form (see reverse side of form for who may sign).
- ⇒ There is no time limit for submitting of ETA Form 9061. Therefore, it may be mailed or faxed separately from IRS Form 8850. However, applications will be processed faster when both forms are mailed together.

### 3. **Obtaining Documentation**

Employers may need to submit documentation to prove that the new hire is a member of a target group. See Target Group Quick Guide on page 4 of this booklet, suggested documentation on ETA Form 9061, or call the WOTC Unit toll free at (800) 482-2959.

**Do not delay the mailing of IRS Form 8850 to gather documentation. Documentation can be mailed at a later date.**

**NOTE:** Before the WOTC Unit can issue a certification notice that confirms the employee will qualify the employer for one or both tax credits, the WOTC Unit must receive correctly completed IRS Form 8850 and ETA Form 9061 and any supporting documentation required to prove the employee's target group membership. It is suggested employers retain a copy of application materials for their records.

## **OTHER MAJOR PROGRAM FACTS**

- ⇒ Employers using employer representatives to process their tax requests, **may not** have their certifications mailed to the employer representative until either a **notarized original** or **notarized copy** of the Power-of-Attorney is on file with the BWUC's WOTC Unit.
- ⇒ Always list the employer's name and address on any correspondence.
- ⇒ Upon receipt of the certification notice, the employer must meet the employment time period before applying for WOTC/W2W to the IRS. Call the local IRS for filing instructions.
- ⇒ The employer can claim only one tax credit (WOTC or W2W) in any one taxable year with respect to the same employee.
- ⇒ IRS Form 8850 must be submitted to the WOTC Unit with original signatures.

## Target Group Quick Guide

### WELFARE - TO - WORK TAX CREDIT

Target Groups	Criteria for New Hires	Documentation Required from Employers to Verify New Hire's Target Group
<b>1</b> Long-Term Welfare Recipients	Must be on AFDC or TANF grant any 18 months beginning after August 5, 1997 and received one payment within two years of hire.	None. WOTC Unit verifies membership.

### WORK OPPORTUNITY TAX CREDIT

Target Groups	Criteria for New Hires	Documentation Required from Employers to Verify New Hire's Target Group
<b>2</b> Short-Term Welfare Recipients	Must be on AFDC or TANF grant any 9 months during last 18 months before hire date.	None. WOTC Unit verifies membership.
<b>3</b> Veterans on Food Stamps	Must be a veteran <u>and</u> a member of family receiving food stamps 3 consecutive months within last 15 months before hire date.	None. WOTC Unit verifies membership.
<b>4</b> Food Stamp Recipients 18-24 years old	Must be 18-24 years old on or before hire date <u>and</u> a member of a family on food stamps 6 months prior to hire or if new hire is single and ceases to be eligible for food stamps because he/she did not meet work requirement, he/she must have received food stamps any 3 months within the last 5 months prior to hire.	None. WOTC Unit verifies membership.
<b>5</b> RC/EZ/EC Resident, 18-24 years old, living in RC/EZ/EC	Must be 18-24 years old on or before hire <u>and</u> living in Detroit's EZ or RC, Flint's RC, or EC's in Flint, Muskegon, Lake or Clare Counties.	None. WOTC Unit verifies membership. However, if requested to provide proof of residence and/or birth date, acceptable documentation is listed on the backside of ETA Form 9061.
<b>6</b> Summer Youth, 16-17 years old, living in RC/EZ/EC	Must be 16-17 years old on or before hire date <u>and</u> living in an RC/EZ/EC <u>and</u> start date is between May 1 and September 15.	Same as Target Group 5 above.
<b>7</b> Physically or Mentally Disabled	Must currently be on or recently completed within 2 years of hire, a rehabilitation work plan through Michigan Rehabilitation Service, Commission for the Blind or the Veterans Administration.	None. WOTC Unit verifies membership or aforementioned Agencies provide statement.
<b>8</b> Ex-Felons	Must have been convicted of a felony <u>and</u> conviction/release is within one year before hire date <u>and</u> must be a member of a low income family for last 6 months before hire date.	WOTC Unit verifies felony conviction/release date. However, acceptable felony documentation is UC Form 1060 or Officer's statement. Acceptable 6-month family income documentation is completion of box 13 and employee signature on ETA Form 9061 or a written 6-month family income statement signed by the employee.
<b>9</b> SSI Recipients	Must be on SSI for any month ending 60 days before date of hire.	None. WOTC Unit verifies membership.

**Target Group Abbreviations:**

<b>1 &amp; 2</b>	AFDC = Aid to Families with Dependent Children
	TANF = Temporary Assistance for Needy Families
<b>5 &amp; 6</b>	RC = Renewal Community
	EZ = Empowerment Zone
	EC = Enterprise Community
<b>9</b>	SSI = Supplemental Security Income

**NOTE:** The WOTC Unit suggests submitting a copy of the new hire's Social Security Card and their date of birth be listed on ETA Form 9061.

# Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits

> See separate instructions.

OMB No. 1545-1500

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**Job Applicant: Fill in the lines below and check any boxes that apply. Complete only this side.**

Name: \_\_\_\_\_ Social Security Number: \_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Last First MI

Street Address Where You Live: \_\_\_\_\_

City or Town, State and ZIP Code: \_\_\_\_\_

Telephone No. (\_\_\_\_) \_\_\_\_ - \_\_\_\_

If you are under age 25, enter your date of birth (*month, day, year*) \_\_\_\_ / \_\_\_\_ / \_\_\_\_

## Work Opportunity Credit

1. ☐ Check here if you received a conditional certification from the state employment security agency (SESA) or a participating local agency for the work opportunity credit.
2. ☐ Check here if **any** of the following statements apply to you.
  - I am a member of a family that has received assistance from Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF), for any 9 months during the last 18 months.
  - I am a veteran and a member of a family that received food stamps for at least a 3-month period within the last 15 months.
  - I was referred here by a rehabilitation agency approved by the state or the Department of Veterans Affairs.
  - I am at least age 18 but **not** over age 24 and I am a member of a family that:
    - a. Received Food Stamps for the last 6 months, OR
    - b. Received Food Stamps for at least 3 of the last 5 months, BUT is no longer eligible to receive them.
  - Within the past year, I was convicted of a felony or released from prison for a felony AND during the last 6 months I was a member of a low-income family.
  - I received supplemental security income (SSI) benefits for any month ending within the last 60 days.

## Welfare-to-Work Credit

3. ☐ Check here if you received a conditional certification from the SESA or a participating local agency for the welfare-to-work credit.
4. ☐ Check here if you are a member of a family that:
  - Received AFDC or TANF payments for at least the last 18 months, OR
  - Received AFDC or TANF payments for any 18 months beginning after August 5, 1997, OR
  - Stopped being eligible for AFDC or TANF payments after August 5, 1997, because Federal or state law limited the maximum time those payments could be made.

## All Applicants

Under penalties of perjury, I declare that I gave the above information to the employer on or before the day I was offered a job, and it is, to the best of my knowledge, true, correct, and complete.

Only Original Full  
Signatures Accepted

Job applicant's signature >

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_



**For Employer's Use Only**

Employer's Name: \_\_\_\_\_ Telephone Number: ( \_\_\_\_\_ ) \_\_\_\_\_ FEIN > \_\_\_\_\_

Street Address: \_\_\_\_\_

City or Town, State, and ZIP Code: \_\_\_\_\_

Person to Contact, if different from above: \_\_\_\_\_ Telephone No. ( \_\_\_\_\_ ) \_\_\_\_\_

Street Address: \_\_\_\_\_

City or Town, State, and ZIP Code: \_\_\_\_\_

If, based on the individual's age and home address, he or she is a member of group 4 or 6 (as described under Members of Targeted Groups in the separate instructions), enter that group number (4 or 6) ..... > \_\_\_\_\_

**DATE APPLICANT:**

<b>Gave information</b>	/	/	<b>Was offered job</b>	/	/	<b>Was hired</b>	/	/	<b>Started job</b>	/	/
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Under penalties of perjury, I declare that I completed this form on or before the day a job was offered to the applicant and that the information I have furnished is, to the best of my knowledge, true, correct, and complete. Based on the information the job applicant furnished on page 1, I believe the individual is a member of a targeted group or a long-term family assistance recipient. I hereby request a certification that the individual is a member of a targeted group or a long-term family assistance recipient.

**Only Original Full  
Signatures Accepted**

Employer's signature > \_\_\_\_\_ Title \_\_\_\_\_ Date / /

## Privacy Act and Paperwork Reduction Act Notice

*Section references are to the Internal Revenue Code.*

Section 51(d)(12) permits a prospective employer to request the applicant to complete this form and give it to the prospective employer. The information will be used by the employer to complete the employer's federal tax return. Completion of this form is voluntary and may assist members of targeted groups and long-term family assistance recipients in securing employment. Routine uses of this form include giving it to the state employment security agency (SESA), which will contact appropriate sources to confirm that the applicant is a member of a targeted group

or a long-term family assistance recipient. This form may also be given to the Internal Revenue Service for administration of the Internal Revenue laws, to the Department of Justice for civil and criminal litigation, to the Department of Labor for oversight of the certifications performed by the SESA, and to cities, states, and the District of Columbia for use in administering their tax laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The times needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping** ..... 2 hr., 47 min.

**Learning about the law  
or the form** ..... 28 min.

**Preparing and sending this  
form to the SESA** ..... 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

**DO NOT** send this form to this address. Instead, see **When and Where To File** in the separate instructions.

## For Michigan new hires, please mail this form to:

Bureau of Workers' & Unemployment Compensation  
WOTC Unit  
Cadillac Place  
3024 W. Grand Blvd., Suite 11-450  
Detroit, MI 48202-3142

# Instructions for Form 8850

(Revised November 1998)



Department of the Treasury  
Internal Revenue Service

## Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### A Change To Note

The Tax and Trade Relief Extension Act of 1998 extended the work opportunity credit and the welfare-to-work credit to cover individuals who begin work for the employer before July 1, 1999.

#### Purpose of Form

Employers use Form 8850 to pre-screen and to make a written request to a state employment security agency (SESA) to certify an individual as:

- A member of a targeted group for purposes of qualifying for the work opportunity credit, or
- A long-term family assistance recipient for purposes of qualifying for the welfare-to-work credit.

Submitting Form 8850 to the SESA is but one step in the employer qualifying for the work opportunity credit or the welfare-to-work credit. The SESA must certify the job applicant is a member of a targeted group or is a long-term family assistance recipient. After

starting work, the employee must meet the minimum number-of-hours-worked requirement for the work opportunity credit or the minimum number-of-hours, number-of-days requirement for the welfare-to-work credit. The employer may elect to take the applicable credit by filing **Form 5884**, Work Opportunity Credit, or **Form 8861**, Welfare-to-Work Credit.

#### Who Should Complete and Sign the Form

The job applicant gives information to the employer on or before the day a job offer is made. This information is entered on Form 8850. Based on the applicant's information, the employer determines whether or not he or she believes the applicant is a member of a targeted group (as defined under **Members of Targeted Groups** below) or a long-term family assistance recipient (as defined under Welfare-to-Work Job Applicants on page 2). If the employer believes the applicant is a member of a targeted group or a long-term family assistance recipient, the employer completes the rest of the form no later than the day the job offer is made. Both the job applicant and the employer must sign Form 8850 no later than the date for submitting the form to the SESA.

### Instructions for Employer

#### When and Where to File

**Do not** file Form 8850 with the Internal Revenue Service. Instead, send it to the work opportunity tax credit (WOTC) coordinator for your SESA no later than the 21st day after the job applicant begins work for you.

To get the name, address, and phone and fax numbers of the WOTC coordinator for your SESA, visit the Department of Labor, Employment and Training Administration (ETA) web site at [www.ttrc.doleta.gov/common/directories](http://www.ttrc.doleta.gov/common/directories), or call **202-219-9092** (not a toll-free number).

#### Additional Requirements for Certification

In addition to filing Form 8850, you must complete and send to your state's WOTC coordinator **either**:

- **ETA Form 9062**, Conditional Certification Form, if the job applicant received this form from a participating agency (e.g., the Job Corps), or
- **ETA Form 9061**, Individual Characteristics Form, if the job applicant did not receive a conditional certification.

Using the Department of Labor's fax on demand service, you can get a directory of WOTC coordinators and ETA Form 9061 by calling **703-365-0768** (not a toll-free number) from the telephone connected to your fax machine and following the prompts. You can also get ETA Form 9061 from your local public employment service office, or you can download it from the ETA web site at [www.doleta.gov](http://www.doleta.gov).

#### Recordkeeping

Keep copies of Forms 8850, along with any transmittal letters that you submit to your SESA, as long as they may be needed for the administration of the Internal Revenue Code provisions relating to the work opportunity credit and the welfare-to-work credit. Records that support these credits usually must be kept for 3 years from the date any income tax return claiming the credits is due or filed, whichever is later.

#### Members of Targeted Groups

A job applicant may be certified as a member of a targeted group if he or she is:

1. A member of a family receiving assistance under a state plan approved under part A of title IV of the Social Security Act relating to Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF). The assistance must be received for any 9 months during the 18-month period that ends on the hiring date.
2. A veteran who is a member of a family receiving assistance under the Food Stamp program for generally at least a 3-month period during the 15-month period ending on the hiring date. See section 51(d)(3).

To be considered a **veteran**, the applicant must:

- Have served on active duty (not including training) in the Armed Forces of the United States for more than 180 days OR have been discharged for a service-connected disability, AND
  - Not have a period of active duty (not including training) of more than 90 days that ended during the 60-day period ending on the hiring date.
3. An ex-felon who:
    - Has been convicted of a felony under any Federal or state law
    - Is hired not more than 1 year after the conviction or release from prison for that felony, AND
    - Is a member of a family that had income on an annual basis of 70% or less of the Bureau of Labor Statistics lower living standard during the 6 months preceding the earlier of the month the income determination occurs or the month in which the hiring date occurs.

4. An individual who is at least age 18 but not yet age 25 on the hiring date and lives in an empowerment zone or enterprise community.

The Secretary of Housing and Urban Development (HUD) designated parts of the following cities as urban empowerment zones:

- Atlanta, GA (9.29 square miles)
- Baltimore, MD (6.8 square miles)
- Philadelphia, PA/Camden, NJ (4.4 square miles)
- Chicago, IL (14.33 square miles)
- Detroit, MI (18.3 square miles)
- New York, NY (the Bronx and Manhattan) (7.6 square miles).

The Secretary of Agriculture (USDA) designated the following rural empowerment zones:

- The Kentucky Highlands (part of Wayne and all of Clinton and Jackson counties)
- Mid-Delta Mississippi (parts of Bolivar, Holmes, Humphreys, Leflore, Sunflower, and Washington counties); and
- Rio Grande Valley, Texas (parts of Cameron, Hidalgo, Starr and Willacy counties).

Under section 1400, parts of Washington, DC, are treated as an empowerment zone. For more details, see Notice 98-57, 1998-47 I.R.B. 9.

There are 65 urban and 30 rural enterprise communities located in 35 states and the District of Columbia. There are no empowerment zones or enterprise communities in Puerto Rico, Guam, or any U.S. possession.

You may call HUD at 1-800-998-9999 for information on the six urban empowerment zones and Washington, DC. You may call the USDA at 1-800-645-4712 about the rural empowerment zones. On the Internet, you can find the EZ/EC Home Page at <http://www.ezec.gov>. Your SESA has information on where the enterprise communities are located. Also, many enterprise communities have their own websites.

5. An individual who has a physical or mental disability resulting in a substantial handicap to employment and who was referred to the employer upon completion of (or while receiving) rehabilitation services under a state rehabilitation plan or a program approved by the Department of Veterans Affairs.

6. An individual who:

- Performs services for the employer between May 1 and September 15
- Is age 16 but not yet age 18 on the hiring date (or if later, on May 1)
- Has never worked for the employer before, AND
- Lives in an empowerment zone or enterprise community.

7. An individual who:

- Is at least age 18 but not yet age 25 AND
- Is a member of a family that --
  - a. Has received food stamps for the 6-month period ending on the hiring date OR
  - b. Is no longer eligible for such assistance under section 6(o) of the Food Stamp Act of 1977 and the family received food stamps for at least 3 months of the 5-month period ending on the hiring date.

8. An individual who is receiving supplemental security income benefits under title XVI of the Social Security Act (including benefits of the type described in section 1616 of the Social Security Act or section 212 of Public Law 93-66) for any month ending within the 60-day period ending on the hiring date.

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## **Welfare-to-Work Job Applicants**

An individual may be certified as a long-term family assistance recipient if he or she is a member of a family that:

- Has received assistance payments from AFDC or TANF for at least 18 consecutive months ending on the hiring date, OR
- Receives assistance payments from AFDC or TANF for any 18 months (whether or not consecutive) beginning after August 5, 1997, OR
- After August 5, 1997, stops being eligible for assistance payments because Federal or state law limits the maximum period such assistance is payable, and the individual is hired not more than 2 years after such eligibility for assistance ends.

**Individual Characteristics Form**  
**Work Opportunity Tax Credit and Welfare-to-Work Tax Credit**

**U.S. Department of Labor**  
**Employment and Training Administration**  
**U.S. Employment Service**



9

<b>1. CONTROL NO.</b> <i>(For Agency Use Only)</i>	<b>Individual Characteristics Form Information</b> <i>(Instructions on the Back)</i>  OMB Control No.: 1205-0371 Expires: 6/30/01	<b>2. DATE RECEIVED</b> <i>(For Agency Use Only)</i>
<b>3. EMPLOYER NAME/ADDRESS</b>	<b>4. EMPLOYER FEIN</b>  <b>6. Have you worked for the above employer before?</b> Yes <input type="checkbox"/> No <input type="checkbox"/>	<b>5. EMPLOYMENT START DATE:</b>  Starting _____ Wage: \$ _____ per hour Job Title: _____
<b>7. NAME OF INDIVIDUAL</b> <i>(Last, First, Middle)</i>		<b>8. SOCIAL SECURITY NUMBER:</b>

**THE ABOVE NAMED INDIVIDUAL IS DETERMINED AS HAVING THE FOLLOWING CHARACTERISTICS FOR WOTC TARGET GROUP.**

<b>9. Is your age between 16 - 25?</b> Yes _____ No _____ If YES, indicate your "Date of Birth" below: Date of Birth: _____	<b>10. Is a veteran and a member of a family that received Food Stamps for a period of at least 3 months in the last 15 months?</b> Yes _____ No _____ If YES, also complete Box 17.	<b>11. Is a member of a family that received AFDC (TANF) benefits for any 9 months in the last 18 months?</b> Yes _____ No _____ If YES, also complete Box 17.
<b>12. Is a member of a family that received Food Stamps for the last 6 months?</b> Yes _____ No _____ or . . . for at least 3 months within the last 5 months, BUT is no longer receiving them? Yes _____ No _____ If YES to either, also complete Box 17.	<b>13. In the past year has been convicted of a felony or released from prison after a felony conviction?</b> Yes _____ No _____ If Yes, complete below: Date of Conviction _____ Date of Release _____ Total income for the past 6 months for all family members living in the same household: Total Income: \$ _____ <i>(If no income, enter "0" above)</i> Number of family members living in the same household for the past 6 months, including yourself: _____	<b>14. Lives and plans to continue living in a Federal Empowerment Zone or Enterprise Community?</b> Yes _____ No _____ <b>16. Received Supplemental Security Income (SSI) benefits for any month ending within the last 60 days.</b> Yes _____ No _____ <b>17. If individual is not a primary recipient of benefits, please provide the following:</b> _____ Name of Primary Recipient _____ Address of Primary Recipient Have you lived with this person for the last 6 months from hire date? Yes _____ No _____ If No, list dates and addresses where you lived for the last 6 months in Box 19.

**This section is to be completed by individuals starting work after December 31, 1997 under the Welfare-to-Work Tax Credit only.**

**18. Is a member of a family that:**

- Has received AFDC or TANF payments for at least the last 18 consecutive months ..... Yes \_\_\_\_\_ No \_\_\_\_\_ or
- Has received/is receiving AFDC or TANF payments for any 18 months starting after August 5, 1997 ..... Yes \_\_\_\_\_ No \_\_\_\_\_ or
- Stopped being eligible for AFDC or TANF payments after August 5, 1997 because Federal or state law limited the maximum time such assistance is payable ..... Yes \_\_\_\_\_ No \_\_\_\_\_

**19. SOURCES USED TO DOCUMENT ELIGIBILITY:**

**NOTE:** I certify that the information is true and correct to the best of my knowledge. I understand that the information above may be subject to verification. **The signature of the party completing this form is required below.**

<b>20. SIGNATURE:</b>	<b>21. DATE COMPLETED FORM:</b>
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**INSTRUCTIONS FOR COMPLETING THE INDIVIDUAL CHARACTERISTICS FORM (ICF), ETA 9061: Work Opportunity and Welfare-to-Work Tax Credits.** This form is used in conjunction with IRS Form 8850 to determine eligibility for the Work Opportunity Tax Credit (WOTC) and/or Welfare-to-Work (WtW) Tax Credit. The form may be completed by the applicant, the employer or employer representative, the SESA or the Participating Agency (PA) and signed by the person or agency filling out this form. **Note:** This form is required to be used, without modification, by all employers or third parties serving under contract as an agent or representative of the employer.

- Box 1: Control Number (for agency use only).** The SESA or PA determines the Control Number. It may be a Social Security Number, case number, or other appropriate designation which permits easy filing, identification and retrieval of forms. Enter this number here.
- Box 2: Date (for agency use only).** Enter the month, day, and year when the form is received.
- Box 3: Employer Name/Address.** Enter the name and address including zip code and telephone number of the employer applying for a WOTC and/or WtW Certification.
- Box 4: Employer ID No.** Enter employer's federal taxpayer identification number.
- Box 5: Employment Start Date/Wage/Position or Title.** Enter the employment start date, the hourly wage which the employee will be paid. If not known, enter an estimated wage. Also, enter the job or position title, which the individual will be performing for this employer.
- Box 6: Previous Employment for this Employer.** This requires a YES or NO answer. Enter a check mark (4) in the blank space that corresponds to your answer.
- Box 7: Name of Individual.** Enter full name of prospective employee.
- Box 8: Social Security Number.** Enter individual's social security number here.
- Boxes 9 through 18:** Enter a check mark (4) to indicate if your answer is a YES or NO. Provide additional information where requested for either the WOTC and/or the WtW target group eligibility.
- Box 19: Sources to Document Eligibility.** List and/or describe the documents or sources of collateral contacts that are attached to this form or that will be provided. Indicate in parentheses, next to each document listed whether it is attached or forthcoming. Some examples are provided below. The asterisk (\*) indicates documents that may be obtained by the employer. Employers may also obtain a letter from the agency that administers a relevant program, stating that the individual or a member of his/her household meets one of the eligibility requirements.

#### Age/Birth Date

(Required for High-Risk, Summer Youth & Food Stamp)

- Birth Certificate
- Driver's License
- School ID Card/School Records
- Work Permit
- Federal/State/Local Government ID\*
- Hospital Record of Birth

#### Family Income

(Required for Ex-Felons)

- Pay Stubs
- Employer Contacts
- W-2 Forms
- UI Documents
- Public Assistance Records
- Family Members' Statements
- Parole Officer's Statement

#### Ex-Felon Status

- Parole Officer's Name/Statement
- Corrections Institution Records
- Court Records, Extracts

#### Food Stamp Recipient

- Food Stamp Benefit History
- Signed statement from authorized individual with specific description of months benefits were received
- Case Number/Identifier

#### SSI Recipient

- SSI Record or Authorization
- SSI Contact
- Evidence of SSI Issuance

#### Number in Family

(Required for Ex-Felons)

- Public Assistance
- Social Services Agencies
- Family Member's Statements
- Parole Officer's Statement

#### Veterans' Status

- DD-214
- Reserve Unit Contacts
- Discharge Papers

#### Vocational Rehabilitation Referral

- Voc. Rehab. Agency Contact
- Social Services Agency
- Veterans' Administration Contact

#### AFDC/TANF & Long-Term Assistance Recipient

- AFDC Benefit History
- Signed statement from authorized individual with specific description of months benefits were received
- Case Number/Identifier

#### Empowerment Zones/Enterprise Community

- Driver's License
- Work Permits
- Utility Bills
- Lease Documents
- Voter Registrant Card
- Computer Printout from Other Government Agencies
- Foodstamp Award Letter
- Housing Authority Verification
- Landlord's Statement
- Letter from Social Service Agency or School
- Library Card\*\*
- Medicaid/Medicare Card
- Property Tax Record
- Postmarked envelope Addressed to Applicant
- Public Assistance Records
- Rent Receipt
- School ID Card
- Selective Service Registration Card
- W-4\*

\* Where any item of documentation such as a Federal ID Card does not contain age or birth date, the SESA must obtain another documentary source to verify the individual's age.

\*\* Where any item of documentary evidence, such as a Library Card does not contain the holder's address, the SESA must obtain other documentary evidence issued in the jurisdiction where the EZ/EC is located showing the holder's address.

**Box 20: Signature.** If applicant completes this form he or she must enter signature here. If applicant is a minor (under age 18) the parent or guardian should sign this box. If form is completed by the employer or his/her representative/agent enter corresponding signature here. If form was completed by the intake staff of a SESA or participating agency, enter signature of intake staff in this box.

**Box 21. Date.** Enter the month, day and year in which the form is completed.

Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Respondent's obligation to reply to these requirements are mandatory as required by P.L. 105-34. Public reporting burden for this collection of information is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, U.S. Employment Service, Room 4470, Washington, D.C. 20210 (Paperwork Reduction Project 1205-0371).

**For Michigan new hires, please mail this form to:**

Bureau of Workers' & Unemployment Compensation  
WOTC Unit  
Cadillac Place  
3024 W. Grand Blvd., Suite 11-450  
Detroit, MI 48202-3142

.....  
(Cut along dotted line and keep in your files)

**TO THE JOB APPLICANT OR EMPLOYEE:**

**THE INFORMATION AND THE SUPPORTING DOCUMENTATION YOU HAVE PROVIDED IN COMPLETING THIS FORM OR IN SOME CASES OTHER INFORMATION THAT COULD VERIFY THE RESPONSES YOU HAVE GIVEN TO THE ITEMS/QUESTIONS IN THIS FORM WILL BE DISCLOSED BY YOUR EMPLOYER TO THE STATE EMPLOYMENT SECURITY AGENCY, MICHIGAN'S BUREAU OF WORKERS' & UNEMPLOYMENT COMPENSATION, IN ORDER TO QUALIFY FOR A FEDERAL EMPLOYER TAX CREDIT. PROVISION OF THIS INFORMATION IS VOLUNTARY. HOWEVER, THE INFORMATION IS REQUIRED FOR YOUR EMPLOYER TO RECEIVE THE FEDERAL TAX CREDIT. IF THE INFORMATION YOU PROVIDE IS ON A MEMBER OF YOUR FAMILY, YOU SHOULD PROVIDE HIM/HER A COPY OF THIS NOTICE.**





**EX-FELON CONVICTION REQUEST  
FOR WOTC PROGRAM**

Employer Name/Address Requesting Tax Credit	If Applicable, Power of Attorney Name/Address
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COMPLETION OF BOTH EMPLOYER AND POWER OF ATTORNEY INFORMATION IS NECESSARY FOR BW&UC RECORD KEEPING

**APPLICANT'S NAME:** \_\_\_\_\_

**SOCIAL SECURITY NUMBER:** \_\_\_\_\_

I, the individual named above, am authorizing the release of the requested information below for the Work Opportunity Tax Credit (WOTC) Program. I understand that the information may be sent directly to the above-named employer, their designated Power of Attorney or directly to the Bureau of Workers' & Unemployment Compensation (BW&UC). I understand this information is used by participating state agencies for the specific purpose of the federal jobs program, WOTC.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**INFORMATION BELOW IS TO BE COMPLETED BY PAROLE OFFICER**

**Last date sentenced for a felony conviction:** \_\_\_\_\_

**If incarcerated, list last period (include any prison, boot camp or work release program):**

**Date began incarceration:** \_\_\_\_\_ **Date ended incarceration:** \_\_\_\_\_

**If not incarcerated, then date began probation:** \_\_\_\_\_

Was the ex-felon single without dependents the last six months before he/she began work for the above named employer? ..... ☐ Yes ☐ No ☐ Don't Know

**Name of Parole Officer (please print):** \_\_\_\_\_

**Signature of Parole Officer:** \_\_\_\_\_ **Phone Number of Officer:** \_\_\_\_\_

**Please attach a business card, agency letterhead, agency stamp or write agency address below.**

To send directly to the WOTC Unit, mail or fax to:	Parole Officer's Agency Address:
Bureau of Workers' & Unemployment Compensation	_____
WOTC Unit	_____
Cadillac Place	_____
3024 W. Grand Blvd., Suite 11-450	_____
Detroit, MI 48202-3142	

Fax Number: **(313) 456-2132**  
WOTC Unit Phone Numbers: (313) 456-2105 or (800) 482-2959





## Questions and Answers About Work Opportunity and Welfare-to-Work Tax Credit Programs



### — General Questions Pertaining To Both Tax Credit Programs —

**Q.** Are there a limited number of employees an employer can hire and claim for either tax credit?

**A.** There is no limit on the number of employees for whom an employer can claim either tax credit.

**Q.** Can an employer claim a tax credit on wages paid to an employee who has been rehired?

**A.** The answer is **NO**. An employee must have never worked for the employer prior to applying for WOTC/W2W. However, if the employee was certified for WOTC/W2W at the time of the original hire and the time limits for either tax credit have not expired (1 year for WOTC and 2 years for W2W), the employer may claim any remaining tax credit due for the rehired employee.

To clarify this answer further, a person may experience a break in employment throughout the time period allowed for WOTC/W2W. For WOTC the employer may take a credit only on wages paid during the one year period (or 90-day period for summer youth) beginning on the date employment started. For W2W the employer can claim the credit for those employees who were either employed for at least 180 days or completed 400 hours of work in the year for which the credit is claimed (no longer than a 2 year period beginning with the date employment started).

**Q.** Can an employer claim either tax credit (WOTC or W2W) and a tax credit for “on-the-job training” (OJT) for the same employee?

**A.** If the employer is being reimbursed for wages paid while the employee is receiving OJT, the employer may not claim both OJT and WOTC/W2W credits for the same period of employment. However, the WOTC/W2W may be claimed for an employee after the OJT contract has ended as long as the employer has requested WOTC/W2W certification within 21 days of the employee’s start date (first day on the job). Although wages paid to an employee during the OJT period cannot be claimed for WOTC/W2W tax credits, the time spent by the employee receiving OJT does qualify towards the minimum employment requirement for WOTC/W2W.

EXCEPTION: An employer may claim the WOTC/W2W on qualified wages paid to an eligible employee if the training assistance is paid directly to the employee and not the employer. An example would be the Veterans-OJT program under Title 38, USC.

**Q.** Can an employer claim both WOTC and W2W tax credits?

**A.** You cannot claim both tax credits in any one taxable year with respect to the same individual. However, if the individual is certified for WOTC/W2W and the employee has worked at least 400 hours, the employer has the choice of claiming wages earned in the first year of employment (beginning with the employment start date) for either WOTC or W2W.

The following example is taken from the current draft and addendum to ETA Handbook No. 408, *Work Opportunity and Welfare-to-Work Tax Credits*:

Assume that an individual begins work on March 1, 1998, is certified for WOTC/W2W and works at least 400 hours for an employer whose taxable year is the calendar year. The employer pays “first-year wages” from March 1998 through February 1999 and pays “second-year wages” from March 1999 through February 2000. The following credit choices are available to the employer:

Year 1998: The employer may claim either WOTC (40% of gross wages paid up to \$6,000) or W2W (35% of qualified wages up to \$10,000).

Year 1999: The employer may claim any remaining tax credit on the first year wages (January and February only) for either WOTC (40% of gross wages paid up to \$6,000) or W2W (35% of qualified wages – maximum \$10,000). If the employer claims W2W for wages paid in January and/or February, they can claim in the same tax year “second year wages” (March through December 1999) for W2W.

Year 2000: The employer could only claim W2W on the remaining second year qualified wages.

**Q.** May employers use the services of a third party to handle the paperwork associated with the credit?

**A.** While efforts have been made to minimize the paperwork associated with this program, some employers may choose to use third parties to handle the paperwork associated with the credit. Third parties must submit IRS Form 2848, Power of Attorney, to the MI WOTC Unit. No applications will be processed until the WOTC Unit has a notarized copy of the Power of Attorney on file.

**Q. As an employer, do I have to wait until I either submit all the documents or until I am certified, before I can start the individual working?**

**A.** No, IRS Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits, is not required to be fully completed on or before the start date. However, the IRS does require that IRS Form 8850 be postmarked no later than 21 days from the employee's start date and the signatures must be original. Late mailing or signatures other than original on IRS Form 8850 will cause the application to be denied.

**Q. As an employer, do I need to submit both forms and documentation and have it postmarked within 21 days from the employee's start date?**

**A.** No, IRS Form 8850 is the only form which must be postmarked no later than 21 days from the employee's start date. For all applications, the employer can submit ETA Form 9061 and supporting documentation at a later date. Separate or incomplete mailing of forms and/or documentation will delay the certification process.

### Work Opportunity Tax Credit Questions

**Q. How much is the tax credit?**

**A.** If the employee works at least 120 hours, the employer can receive a tax credit of 25% on first year gross wages of \$6,000 (maximum credit is \$1,500). If the employee works at least 400 hours, the employer can receive a tax credit of 40% on first year gross wages of \$6,000 (maximum credit is \$2,400).

**Q. If I hire a summer youth and the youth turns 18 while still employed or this individual is rehired within 1 year from the employment start date, can I continue to claim a tax credit if this individual is eligible for another target group, such as Youth Living in an RC/EZ/EC Zone or Food Stamp Recipient?**

**A.** Yes, you would need to notify the WOTC Unit that you are requesting an additional certification on the individual. If the individual is certified, the employment start date will be the same as the Summer Youth certification start date. When claiming the tax credit, first claim the time worked and wages paid for the period of employment while certified as a Summer Youth. Then claim any remaining time worked and wages paid for the second certification you received when the employee turned 18 years old. You can contact your local IRS office for further instructions on filing for the tax credit.

**Q. As an employer interested in employing targeted individuals or the long-term welfare recipient, where would I find these individuals?**

**A.** Contact local agencies or organizations that serve target group members you want to hire or call the Michigan Works! Agency 1-800-285-9675.

**Q. I understand both programs, but I need to know how I am suppose to use these forms when hiring someone without being discriminatory?**

**A.** IRS Form 8850 was designed to only Pre-Screen for the WOTC and W2W. It is important to only ask the applicant to check any box that applies. The applicant has the right to refuse to complete IRS Form 8850. You should stop and go no further. However, if the applicant completes the form and checks box 2 or 4, and you decide to hire the individual, you can proceed. Explain that your company could obtain a tax credit. Have yourself and/or the applicant complete ETA Form 9061. Submit only applications which you think would qualify for WOTC/W2W to the WOTC Unit. If you have further questions concerning the use of these forms in your hiring process, you can call the WOTC Unit at 800-482-2959.

### Welfare-To-Work Tax Credit Questions

**Q. How long must the employee work in order for the employer to claim the credit?**

**A.** Employers can claim W2W only if the employee works at least 180 days or completed 400 hours of work. The employer has 2 years from the employment start date to meet either of these requirements.

**Q. How much is the tax credit?**

**A.** If the employee works 180 days or at least 400 hours, the employer is eligible for a 35% tax credit on first year qualified wages of \$10,000 (maximum credit, \$3,500). The employer is also eligible for a 50% tax credit on the second year qualified wages of \$10,000 (maximum credit, \$5,000).